



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

CHAPTER:

ASSESSMENT OF PROPANE TANKS

REVISION DATE: 7/1/2012

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7.8 ASSESSMENT OF PROPANE TANKS

I am writing concerning information distributed to some assessors related to the classification of propane gas tanks. The Missouri Propane Gas Association provided a legal opinion from a private attorney indicating that propane tanks owned by the propane gas distributor and located on the real property of the customer should be assessed as real property. The implication was that the customer who owns the real estate should pay the taxes and not the gas company.

The Commission disagrees. This agency has consistently advised and continues to advise that propane tanks located on the real property of customers but owned by the gas company should be personal property assessed to the gas company. The factors indicating that the tanks are personal property are:

1. The owner of the tanks and real property are not the same,
2. The tanks are easily and often moved;
3. The tanks are not annexed or adapted to the real property in any permanent sense;
4. There is no expectation or intent that the tanks remain permanently on the customer's property.

Section 137.010's definition of real property includes "stationary property used for transportation of liquid and gaseous products, including, but not limited to, petroleum products, natural gas, water, and sewage." The Commission interprets this language to refer to pumps and pumping stations used in the transportation of such products in pipelines, and water and sewage systems--not to propane tanks.

The information also stated that costs and attorneys fees may be recovered if the tanks are classified as personal property. Section 138.430.6, RSMo states:

If an assessor classifies real property under a classification that is contrary to or in conflict with a determination by the state tax commission or a court of competent jurisdiction of said property, the taxpayer shall be awarded costs of appeal and reasonable attorney's fees on a challenge of the assessor's determination.

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In *Sinclair Research Center, Inc. v. Craighead*, Callaway, County, STC Appeal No. 05-46501 & 06-46500 (March 14, 2007), the Commission held that in order for the taxpayer to receive attorney's fees and costs, there must be a 1) a determination by the State Tax Commission or a court regarding classification and 2) thereafter, the assessor classifies real property contrary to that determination. In other words, the assessor would have to first ignore a determination by the Commission or a court before the costs and attorney's fees could only be assessed. No such determination has been made through the appeal process with regard to propane tanks.

Again, the State Tax Commission advises propane tanks owned by the company and located on the customer's real property be assessed as personal property of the gas company. If a taxpayer believes property is misclassified, the statutory remedy is for the taxpayer is to lodge a timely appeal contesting the classification.